

## **2003 IRS Software Developers Conference**

### **Health Coverage Tax Credit (HCTC)**

**Ed Reniker (IRS)**

- Ed summarized the history and provisions of the HCTC, which was created as a result of the Trade Adjustment Assistance (TAA) Reform Act of 2002. This is a multi-agency effort (state and federal) to implement
- Purpose is to help American workers who were displaced because of previous trade agreements. It also includes Pension Benefit and Guaranty Corporation (PBGC) beneficiaries. Currently, about 260,000 people are affected, but that number is expected to increase
- Credit is equal to 65% of the premium paid by eligible individuals (contained in list received from U.S. Labor Department and PBGC). Individual pays remaining 35%. Available only for “qualified” health insurance plans as defined in the statute
- Department of the Treasury (IRS) is responsible for implementation
- Starting in August, 2003, advance credit is available
- Potentially eligible individuals register through Customer Contact Center
- Form 8885 is filed with Form 1040 for year-end credit, if it was not received in advance